

First Reading: \_\_\_\_\_  
Second Reading: \_\_\_\_\_

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE TO AMEND CHATTANOOGA CITY CODE, PART II, CHAPTER 38, ZONING ORDINANCE, AND CHAPTER 11, BUSINESSES, TRADES, AND OCCUPATIONS, RELATING TO SHORT-TERM VACATION RENTALS WITHIN ANY ZONES ALLOWING RESIDENTIAL USE AND PROVIDING TERMS AND CONDITIONS FOR THE ISSUANCE OF SHORT TERM VACATION RENTAL CERTIFICATES.

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SECTION 1. BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, that Chattanooga City Code, Part II, Chapter 38, be amended by adding the following new definitions and provisions:

**Section 38-2. - Definitions; use of words and terms.**

*“Short-Term Vacation Rental”*: Any house or other structure containing no more than nine (9) bedrooms within permissible zones which is used, advertised or held out to the public in part or its entirety to be a place where sleeping accommodations are supplied for pay and such accommodations are provided on a daily or weekly basis for not more than thirty (30) days for overnight stay. For the purposes of this definition, a residential dwelling shall include all housing types, with the exception of a site located in the R-1 Residential Zone, which shall contain no more than five (5) bedrooms, and shall exclude Rooming and Boarding Houses or other licensed dwelling units for rent or lease, as defined in Section 21-67.

**Section 38-36. Short Term Vacation Rentals.**

Unless expressly prohibited in the Zoning Regulations provided in this Chapter, Short-Term Vacation Rentals shall be permitted in any zones allowing residential use.

SECTION 2. That Section 38-111 be deleted in its entirety and the following provisions shall be substituted in lieu thereof;

#### **DIVISION 8. - R-3 RESIDENTIAL ZONE**

##### **Sec. 38-111. - Permitted uses.**

- (1) Single-family dwellings, excluding factory manufactured homes constructed as a single self-contained unit and mounted on a single chassis, except as provided for in Section 38-112.
- (2) Two-family dwellings.
- (3) Boarding Houses, Lodging Houses and Bed and Breakfast.
- (4) Multiple family dwellings.
- (5) Schools.
- (6) Parks, playgrounds and community-owned not-for-profit buildings.
- (7) Golf courses, except driving ranges, miniature courses and other similar commercial operations.
- (8) Fire stations and other publicly-owned buildings.
- (9) Churches.
- (10) Home Occupations.
- (11) Accessory uses and buildings.
- (12) Day care homes.
- (13) Kindergartens operated by government units or by religious organizations.
- (14) Short-Term Vacation Rental.

SECTION 3. That Section 38-121 be deleted in its entirety and the following provisions shall be substituted in lieu thereof;

#### **DIVISION 9. - R-4 SPECIAL ZONE**

##### **Sec. 38-121. - Permitted uses.**

- (1) Single-family, two-family, and multiple-family dwellings, excluding factory manufactured homes constructed as a single self-contained unit and mounted on a single chassis.
- (2) Lodging Houses, Boarding Houses and Bed and Breakfast.
- (3) Colleges, schools and libraries.
- (4) Churches and including a columbarium and/or mausoleum as an accessory use.
- (5) Dormitories.
- (6) Professional, medical or dental offices and clinics.

- (7) Laboratories and research centers not objectionable because of odor, dust, noise, or vibration.
- (8) Offices.
- (9) Studios.
- (10) Parks and Playgrounds.
- (11) Home occupations.
- (12) Banks and bank branches.
- (13) Accessory uses and buildings.
- (14) Day care homes.
- (15) Kindergartens operated by governmental units or by religious organizations.
- (16) Drug stores or restaurants in office buildings of four (4) or more stories.
- (17) Museums and art galleries with retail sales as an accessory on-site use, except that such accessory use shall require a Special Permit under the terms of Article VIII.
- (18) Radio, television and motion picture production studios, excluding transmission towers.
- (19) Parking lots and garages as an accessory to a permitted use when located on the same lot or an adjacent lot.
- (20) Short-Term Vacation Rental.

SECTION 4. BE IT FURTHER ORDAINED that Chattanooga City Code, Part II, Chapter 11, Businesses, Trades, and Occupations, be amended by adding a new Article XVIII, Sections 11-470 through 11-477 as follows:

#### **ARTICLE XVIII. SHORT TERM VACATION RENTAL CERTIFICATE**

##### **Section 11-470 - Definitions.**

*“Code Compliance Verification Form”*: A document executed by a short-term vacation owner certifying that the Short-Term Vacation Rental unit complies with applicable zoning, building, health and life safety code provisions. No person shall allow occupancy or possession of any short-term vacation rental unit if the premises are in violation of any applicable laws including, but not limited to, zoning, building, health or life safety code provisions.

*“Short-Term Vacation Rental”*: Any house or other structure containing no more than nine (9) bedrooms within permissible zones which is used, advertised or held out to the public in part or its entirety to be a place where sleeping accommodations are supplied for pay and such accommodations are provided on a daily or weekly basis for not more than thirty (30) days for overnight stay. For the purposes of this definition, any short-term vacation rental on a site located in the R-1 Residential Zone, shall contain no more than five (5) bedrooms, and shall exclude hotels or rooming houses, bed and breakfast and/or boarding houses, or other

licensed dwelling units for rent or lease, as defined in Section 21-67 and/or Section 11-186 and/or Section 38-2.

*“Short-Term Vacation Rental Agent”*: A natural person designated to be responsible for daily operations by the owner of a Short-term Vacation Rental on the short-term vacation rental certificate application. Such person shall be available for and responsive to contact at all times and someone who is customarily present at a location within the Hamilton County for purposes of transacting the short term vacation rental business.

*“Short-Term Vacation Rental Occupants”*: Guests, tourists, lessees, vacationers or any other person who, in exchange for compensation, occupy a short term vacation rental dwelling unit for lodging for a period of time not to exceed thirty consecutive days.

#### **Section 11-471 - Certificate Required.**

No person or entity shall operate a Short-Term Vacation Rental unless a Short-Term Vacation Rental Certificate has been first obtained from the City of Chattanooga Land Development Office. To obtain a Short-Term Vacation Rental Certificate, an eligible applicant must submit an application in compliance with Section 11-473 of this City Code. If approved, a legible copy of the Short-Term Vacation Rental Certificate shall be posted within the unit and include all of the following information:

- (a) The name, address, telephone number and email address of the owner of the Short-Term Vacation Rental unit and the Short-Term Vacation Rental Agent, if applicable;
- (b) The Business License Number;
- (c) The maximum occupancy of the unit; and
- (d) The maximum number of vehicles that may be parked at the unit;
- (e) The Short-Term Vacation Rental Certificate number.

Short-Term Vacation Rentals must be properly maintained and regularly inspected by the owner to ensure continued compliance with applicable zoning, building, health and life safety code provisions.

#### **Section 11-472 - Minimum Standards for Short-Term Vacation Rentals.**

- (a) A Short-Term Vacation Rental, may include a primary dwelling unit and/or a secondary dwelling unit, but cannot include uninhabitable structures such as garages, barns or sheds.

- (b) Dwelling unit must have functioning smoke detectors as determined by the Fire Marshal and other life safety equipment as required by local, state, and federal law.
- (c) Dwelling unit must meet all applicable laws related to zoning, building, health or life safety.
- (d) No on-site signage shall be permitted except for those Short Term Vacation Rentals that are at least five (5) acres and have a dwelling unit that is not visible from the public right of way, can have directional signs placed on the parcel that shall be at least 50 feet from the public right of way.
- (e) There shall be no more than nine (9) sleeping rooms made available for rental. There shall be no more than five (5) sleeping rooms made available for a site located in the R-1 Residential Zone.
- (f) Maximum Occupancy: The maximum occupancy shall be determined by the total of
  - (i) Two (2) persons per bedroom up to 140 square feet.
  - (ii) For bedrooms over 140 square feet the occupant load will be determined by the area of the room divided by 70 square feet.
  - (iii) The occupancy maximum shall be conspicuously posted within the Short-Term Vacation Rental Unit.
- (f) The Short-Term Vacation Rental Owner shall not receive any compensation or remuneration to permit occupancy of a Short-Term Vacation Rental property for a period of less than twenty-four (24) hours.
- (g) The Short-Term Vacation Rental Certificate holder shall be responsible for collecting and remitting all applicable room, occupancy, and sales taxes required by state law and the City Code of the City of Chattanooga.
- (h) Adequate on-site parking shall be provided, as determined by the City after considering proposed number of guests, frequency of operations, and availability of on-street parking. As a general rule, parking shall not be allowed on any vegetated area of the premises on which the Short-Term Vacation Rental is located.
- (i) All occupants shall abide by all applicable noise restrictions and all applicable waste management provisions of the City Code of the City of Chattanooga.
- (j) The name and telephone number of the owner of the Short-Term Vacation Rental or the Short-Term Vacation Rental Agent shall be conspicuously posted within the Short-Term Vacation Rental.

- (k) The premises on which the Short-Term Vacation Rental has not been found to be in violation of any City Code provision within the six (6) months prior to submitting an application for a Short Term Vacation Rental Certificate.

**Section 11-473 - Certificate Application; Action on Certificate Application; Certificate Approval or Appeals to City Council.**

- (a) **Certificate Applications.** Applicants for a Short-Term Vacation Rental Certificate shall submit an application to the Land Development Office. The application shall be furnished under oath on a form specified by the Land Development Office, accompanied by a non-refundable application fee of \$125. Such application should include:
  - (i) The name, address, telephone number and email address of the owner of the Short-Term Vacation Rental unit and the Short-Term Vacation Rental Agent, if applicable;
  - (ii) Documentation that applicant is the owner or the Short-Term Vacation Rental Agent.
  - (iii) The Business License Number
  - (iv) A site plan, drawn to scale, indicating the subject property, the building(s) on the site intended for Short-Term Vacation Rental, proposed parking and guest access.
  - (v) A narrative with the following:
    - (1) A description of the area available for Short-Term Vacation Rental, (i.e. the entire property and house, a guest cottage, a portion of the house, etc.);
    - (2) A description of the number of bedrooms proposed for rental;
    - (3) The maximum number of guests to be accommodated at one time;
    - (4) The days of operation (all year, just holidays, weekends/weeknights, etc.); and
    - (5) How trash will be handled, and the method for informing occupants about method of disposal of trash.
  - (vi) A copy of the Code Verification Form.
- (b) **Application Review.**

- (i) Upon application for Short Term Vacation Rental, the Regional Planning Agency (“RPA”) shall review the application and provide comment where necessary. At the same time, the RPA shall mail letters to any property owner (“adjacent property owner”) who owns land within 300 feet of the subject property. Adjacent property owners shall have fourteen (14) days from the date of the letter to respond, in writing, with any concerns or objections about the application.
- (ii) RPA shall by mail or e-mail submit a copy of the application for Short Term Vacation Rental to both the neighborhood association, if applicable, and the Council member representing the district in which the Short-Term Vacation Rental is located.
- (iii) For those Short-Term Vacation Rental Units requiring inspection, RPA shall notify the Fire Marshal and a City Building Inspector to ensure compliance with state and local laws.
- (iv) If no objections are received, and the applications meet all of the required set forth in this Chapter, RPA shall make a recommendation to the Land Development Office to issue to the applicant, a Short-Term Vacation Rental Certificate.
- (v) If objections or appeals are made to the issuance of the Short-Term Vacation Rental Certificate, RPA shall request that the application be forwarded to the City Council for its consideration on appeal. The City Council will have a public hearing on the matter in a manner that it proscribes and shall determine whether to grant or deny the Short-Term Vacation Rental Certificate based upon the minimum standards for review as set forth in Section 11-472, and any health, safety and nuisance concerns of any owner or agent of the short-term vacation rental. Such hearing shall take place not later one-hundred twenty (120) days after the application has been submitted to RPA.

#### **Section 11-474 - Certificate Approval, Transferability, Conditions, and Revocation:**

- (a) **Certificate Approval.** The Certificate shall be issued for the specific site location and/or address of the proposed Short-Term Vacation Rental provided in the application as set forth in Section 11-473 of this City Code. The Land Development Officer reserves the right to condition the approval to a certain number of rooms, operating days/hours, signage, or other restrictions as may be deemed necessary to address impacts to bordering properties or to ensure safe operation of the property. Said conditions will be based on the recommendation of RPA.
- (b) **Grant or Denial of Application.** Review of an application shall be conducted in accordance with due process principles and shall be granted unless the applicant fails to meet the conditions and requirements of this Chapter, or otherwise fails to demonstrate the ability to comply with local, state or federal law. Any false statements or

information provided in the application are grounds for revocation, suspension and/or imposition of penalties, including denial of future applications.

- (c) **Transferability.** The Certificate is non-transferable to another site, property, location or owner.
- (d) **Revocation.** The City reserves the right to revoke a granted Short-Term Vacation Rental Certificate at any time upon notice to the owner or the Short-Term Vacation Rental Certificate Agent and after a public hearing for any of the following reasons:
  - (i) The property has two (2) documented City Code or state violations within a 12 month period.
  - (ii) Any additional ordinance violations related to use of property as provided by City staff. This shall include, but not be limited to, noise and parking violations.

A Short-Term Vacation Rental Certificate which is revoked shall prevent its certificate holder and specific property from applying for a new Certificate for Short-Term Vacation Rental for a period of one (1) year from date of revocation. Prior to any revocation, the owner or the Short-Term Vacation Rental Agent shall be cited to City Court for a hearing to establish proof of violations by the City Court Judge.

#### **Section 11-475. Short-Term Vacation Rental Agent.**

- (a) The owner of a Short-Term Vacation Rental shall designate a Short-Term Vacation Rental Agent on its application for a Certificate for a Short-Term Vacation Rental. A property owner may serve as the Short Term Vacation Rental Agent. Alternatively, the owner may designate a person as his or her agent who is over age 18.
- (b) The duties of the Short-Term Vacation Rental Agent are to:
  - (i) Be reasonably available to handle any problems arising from use of the short-term vacation rental unit;
  - (ii) Appear on the premises of any Short-Term Vacation Rental unit within two hours following notification from the City of issues related to the use or occupancy of the premises. This includes, but is not limited to, notification that occupants of the short-term vacation rental unit have created unreasonable noise or disturbances, engaged in disorderly conduct or committed violations of the City Code or other applicable law pertaining to noise, disorderly conduct, overcrowding, consumption of alcohol, or use of illegal drugs. Failure of the agent to timely appear to two or more complaints regarding violations may be grounds for penalties as set forth in this Chapter. This is not intended to impose



a duty to act as a peace officer or otherwise require the agent to place himself or herself in a perilous situation;

(iii) Receive and accept service of any notice of violation or notice of hearing related to the Short-Term Vacation Rental; and

(iv) Monitor the Short-Term Vacation Rental for compliance with laws. .

(c) An owner may change his or her designation of a Short-Term Vacation Rental Agent temporarily or permanently; however there shall only be one such agent for a property at any given time. To change the designated agent, the owner shall notify the Land Development Officer in writing of the new agent's identity, together with all information regarding such person as required by the applicable provisions of this Chapter.

#### **Section 11-476. Failure to obtain Certificate; Penalties.**

Any violation of this Article, including failure to obtain a Certificate, shall be punishable by a fine of not less than twenty five dollars (\$25.00) or more than fifty dollars (\$50.00). Each day that the violation continues shall be a separate offense. There shall be a rebuttable presumption a person or entity is in violation of this Chapter if they list or hold out a property as a Short-Term Vacation Rental without first obtaining a Short-Term Vacation Rental Certificate.

#### **Section 11-477. Invalidity of Part; Private Agreements and Covenants.**

Should any court of competent jurisdiction declare any section, clause, or provision of this Article to be unconstitutional, such decision shall affect only such section, clause, or provision so declared unconstitutional, and shall not affect any other section, clause or provision of this Article. Additionally, this Chapter shall in no way be used to supersede any privately created agreements or covenants by any homeowner associations or developers restricting the use of a premises as a Short-Term Vacation Rental.

SECTION 5. BE IT FURTHER ORDAINED, That this Ordinance shall take effect two

(2) weeks upon passage of second reading.

SECTION 6. BE IT FURTHER ORDAINED, The City of Chattanooga shall allow any properties being used as a Short-Term Vacation Rental on the effective date of this ordinance shall have six (6) months to come into compliance with this Chapter.

Passed on second and final reading:\_\_\_\_\_

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CHAIRPERSON

APPROVED:\_\_\_\_\_ DISAPPROVED:\_\_\_\_\_

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MAYOR